Internal Revenue Service

District Director Department of the Treasury

P.O. Box 1680, GPO Brooklyn, N.Y. 31202

Date: OCT 1 0 1985

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Centlemen:

We have considered your application for tax exempt status under Internal Revenue Code Section 501(c)(6).

The evidence presented discloses that you were incorporated on in the State of the land.

The purpose for which the corporation is organized are:

to operate for the general betterment, development, and enhance of franchisees and to transact any and all lawful business for a corporations may be incorporated under this chapter.

Your bylaws state under membership, Article I, Section 1. Qualifications 'any person, firm or corporation engaged in a franchised business deal or with

on your application you state, "This organization was organized as a means by which get together to share mutual concerns, discuss problems, and share idea.

Section 50l(c)(6) of the Code provices for the exemption from To income tax of business leagues not organized for profit, no part of U earnings of which incres to the benefit of any private sharehold individual.

Section 1.501(c)(6)-1 of the income Tax Regulations defines a businessian league as an association of persons having some common business in the purpose of which is to promote such common interest. Its activations be directed towards the improvement of business conditions in a more lines of business as distinguished from the performance of partitions services for individual person.

Revenue ruling 67-77 1967-1 C.B. 138 described an association of dealers selling a particular make of automobile which engaged in financing general advertising campaigns to promote the sale of that particular make.

In <u>Pepsi - Cola Bottlers' Association v United States, 369 F 2d 250 (1976)</u> the court help that an association of the bottlers of a particular branc or soft drink were promoting a line of business. The government's action on the decision stated that the service believed the Court to be in error in holding that an organization engaged in promoting the more efficient production and sale of a franchised product is engaged in advancing a "line of business," in view of the regulations which provide that such organizations are of the same general class as a board of trade or chamber of commerce.

The Supreme Court wishing to resolve the conflict comming out of Pepsi - Cola Bottler's Association v. United States ruled in the case of Natio : Muffler Dealers Association v. U.S., 440 U.S. 472 (1979) that association of a particular brand name of muffler dealers does not quality for exemption because the association is not engaged in the improvement business conditions of a line of business. They stated in sum"... The distinction drawn here, that a tax exemption is not available to aid congroup in competition with another within an industry, is but a particular manifestation of an established principle of tax administration..."

Accordingly we hold that you do not meet the qualifications of an organization defined under section 501(c)(6) of the Internal Revenue Coci, or in any other related paragraph of IRC 501(c).

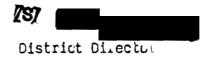
You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the encloseo instructions within 30 days.

Protests submitted which do not contain all the documentation stated in instructions will be returned for completions.

If we do not hear from you within that time, this determination will be γ final.

Sincerely yours,



Enclosure: Pub. 892